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SOURCE Ching-chi Chou-pao (The Economic Weekly), Vol X, No 13, 1950.CHINESE FOREIGN TRADE POLICY, 1950

[Comment: The following report summarizes an article en-
titled, "What Type of Foreign Trade Does New China Need," by Chang
Hsuan-san, published in the Ching-chi Chou-pao (The Economic Weekly),
on 30 March 1950. The article stresses the necessity of balancing
imports and exports, gives figures on imports and exports of China,
and explains the relationship between state-operated and privately
operated enterprises and the foreign trade control policy.]

A. Imports and Exports During the KMT Regime

During the KMT regime, the capitalistic countries exported surplus
luxury goods to China in exchange for valuable raw materials, thus cre-
ating an excess of imports in China. During 1946 and 1947, China imported
goods worth over 1,010,000,000 US dollars from capitalistic countries.

Furthermore, the goods imported by China from capitalistic countries
during the KMT regime were high-cost luxury items and goods exported were
low-cost agricultural products. From 1945 to 1947, China's exports were
only 60 percent of the total imports from capitalistic countries.

B. Foreign Trade in Relation to China's Economic Development

During 1950, China's imports were restricted to industrial equipment
and raw materials. However, it was necessary to import foodstuffs since
agricultural production had declined. The 1950 policy was to import items
according to the needs of China.

China's major exports for 1950 were agricultural products. Developing
the sale of agricultural products was essential for economic recovery as
well as for the promotion of exports in order to obtain foreign exchange.
The import and export system must therefore be gradually altered to eliminate
the old practice of exporting only agricultural products and importing in-
dustrial goods.

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C. Relationship Between State-Operated and Privately Operated Foreign Trade Enterprises

The economic policy under the new regime is one in which the state-operated enterprises guide the privately operated enterprises in all economic activities, especially in foreign trade.

China's exports from 1946 to 1948 showed a total value of 900 million US dollars. Statistics reveal that major exports such as tea and silk had declined, and, except for special exports such as hog bristles and tung oil, all other exports had decreased tremendously.

Exports of certain products, such as hog bristles, soybeans, and metallic ores are under state control to prevent private business from competing with state-operated enterprises. Private enterprises are to act as agents in exports.

D. Foreign Trade Control Policy

Foreign trade control is necessary to prevent foreign goods from flooding China's market, to guide the privately operated enterprises engaged in foreign trade, and to place foreign trade transactions in the hands of the government.

Regulations such as special freight rate for exports to foreign countries and special allowance of raw material to come into China have been put into effect to stimulate trade with friendly nations.

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